

RESOLUTION NO. 60-85

A RESOLUTION OF THE BOARD OF SUPERVISORS OF NAVAJO COUNTY, ARIZONA AUTHORIZING THE ISSUANCE OF KAYENTA UNIFIED SCHOOL DISTRICT NO. 27 OF NAVAJO COUNTY, ARIZONA GENERAL OBLIGATION REFUNDING BONDS, SERIES 1985, IN THE PRINCIPAL AMOUNT OF \$7,225,000; PROVIDING FOR THE ANNUAL LEVY OF A TAX ON ALL THE TAXABLE PROPERTY WITHIN KAYENTA UNIFIED SCHOOL DISTRICT NO. 27 OF NAVAJO COUNTY, ARIZONA TO PROVIDE FOR THE PAYMENT OF INTEREST ON AND PRINCIPAL OF SAID REFUNDING BONDS; AND AUTHORIZING THE EXECUTION OF AN ESCROW TRUST AGREEMENT FOR THE HOLDING OF THE SECURITIES PURCHASED WITH THE PROCEEDS OF THE REFUNDING BONDS; APPOINTING A BOND REGISTRAR AND PAYING AGENT AND AUTHORIZING EXECUTION OF A CONTRACT THEREWITH.

WHEREAS, Kayenta Unified School District No. 27 of Navajo County, Arizona (the "District") has heretofore sold general obligation bonds, of which \$19,275,000 remain outstanding as of this date; and

WHEREAS, the issuance of refunding bonds in advance of the maturity of a portion of the District's outstanding general obligation bonds will reduce the principal and interest requirements relating to such bonds and will permit a restructuring of the schedule of principal maturity in a manner beneficial to the District and, accordingly, such refunding is in the best interests of the District; and

WHEREAS, the outstanding general obligation bonds of the District as described below will be refunded (the "Bonds Being Refunded");

<u>Original Issue Date</u>	<u>Title of Bonds Being Refunded</u>	<u>Principal Amount Outstanding</u>
November 1, 1980	Kayenta Unified School District No. 10 of Navajo County, Arizona, School Improvement Bonds, Project of 1980	\$7,750,000

; and

WHEREAS, offers for the purchase of the refunding bonds have been received pursuant to the Notice Inviting Proposals For Purchase Of Bonds heretofore authorized by the Board of Supervisors of Navajo County, Arizona;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF NAVAJO COUNTY, ARIZONA, AS FOLLOWS:

Section 1. That for the purpose of providing funds to be used to advance refund the Bonds Being Refunded, the Board of Supervisors of Navajo County, Arizona hereby authorizes the issuance of Kayenta Unified School District No. 27 of Navajo County, Arizona General Obligation Refunding Bonds, Series 1985, in the principal amount of \$7,225,000 (the "Bonds").

Section 2. That the Bonds shall be dated June 1, 1985, shall be numbered consecutively within each maturity, shall be fully registered bonds without coupons, shall be in the denomination of \$5,000 or any whole multiple thereof, shall bear interest from the most recent January 1 or July 1 to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their date, which interest shall be payable on January 1, 1986, and semiannually thereafter on July 1 and January 1 of each year during the term of each of the Bonds. The principal of the Bonds is payable upon presentation and surrender thereof at the principal corporate trust office of The Valley National Bank of Arizona, as Bond Registrar and Paying Agent. Interest on the Bonds shall be payable by check or draft mailed to the registered owner thereof, as shown on the registration books for this series maintained by the Bond Registrar and Paying Agent at the address appearing therein at the close of business on the 15th day of the calendar month next preceding that interest payment date (the "regular record date"). Any interest which is not timely paid or duly provided for shall cease to be payable to the registered owner thereof (or of one or more predecessor Bonds) as of the regular record date, and shall be payable to the registered owner thereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue interest. The special record date shall be fixed by the Bond Registrar and Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to registered owners of the Bonds not less than ten (10) days prior thereto. The principal and interest on the Bonds shall be payable in lawful money of the United States of America, the Bonds to bear interest at the rate or rates fixed by the accepted bid and the Bonds to mature on July 1 in the years and in the amounts as follows:

<u>Year</u>	<u>Principal Amount</u>
1987	\$ 600,000
1988	885,000
1989	975,000
1990	1,065,000
1991	1,150,000
1992	1,235,000
1993	1,315,000

The Valley National Bank of Arizona, is hereby appointed as Bond Registrar and Paying Agent and the County Treasurer of Navajo County, Arizona (the "County Treasurer") is hereby authorized and directed to enter into a contract with said bank covering such services. The Bond Registrar will maintain the books of the District for the registration of ownership of each Bond. A Bond may be transferred on the registration books upon delivery to the Bond Registrar of the Bond, accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Bond Registrar, duly executed by the registered owner of the Bond to be transferred or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such Bond. No transfer of any Bond shall be effective until entered on the registration books.

In all cases upon the transfer of a Bond, the Bond Registrar will enter the transfer of ownership in the registration books and will authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the denominations of \$5,000 or any whole multiple thereof (except that no Bond shall be issued which relates to more than a single principal maturity) for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of this Section. The District or the Bond Registrar shall charge the registered owner of such Bond, for every such transfer of a Bond, an amount sufficient to reimburse them for any transfer fee, tax or other governmental charge required to be paid with respect to such transfer, and may require that such charges be paid before any such new Bond shall be delivered.

The District and the Bond Registrar will not be required to issue or transfer any Bonds during a period beginning with the opening of business on the 15th calendar day next preceding either any interest payment date or during the period of five days next preceding the mailing of notice of any special record date.

The Bonds of this series are not subject to call for redemption prior to their respective maturities.

Section 3. That the Bonds shall be executed on behalf of the District by the President of the Governing Board of the District and attested by the Clerk of the Governing Board of the District and countersigned by the Chairman of the Board of Supervisors of Navajo County, Arizona and the County Treasurer, by the facsimile signatures of such officials, and such officials are hereby authorized and directed to execute the Bonds as aforesaid.

Section 4. That for the purpose of paying principal of and interest on the Bonds herein authorized, there shall be levied on all of the taxable property in the District a continuing, direct, annual, ad valorem tax sufficient to pay the principal of and interest on the Bonds as the same become due. If at any time there are sufficient moneys or investments in the redemption fund to pay all principal due or to become due on all of the Bonds, then no additional tax levy need be made for the payment of the principal of the Bonds. When all principal and interest on the Bonds has been paid or when the interest fund and redemption fund shall contain sufficient moneys for such payment, then any moneys remaining in the interest or redemption fund shall be deposited into the redemption fund established for the payment of any other bonds of the District to be issued in the future. From and after the date the Bonds are delivered to the purchaser thereof, all moneys collected by the County Treasurer which would otherwise have been credited to the interest fund and redemption fund created to service the Bonds Being Refunded shall be applied to the interest and redemption funds created to service the Bonds.

Section 5. That Bonds to be issued shall be in substantially the following form, allowing those officials executing the Bonds to make the insertions and deletions necessary to conform the Bonds to this Resolution and the Notice Inviting Proposals For Purchase Of Bonds:

(Bond Form)

REGISTERED
NO.

\$

(Form of Face of bond)

UNITED STATES OF AMERICA

STATE OF ARIZONA

NAVAJO COUNTY

KAYENTA UNIFIED SCHOOL DISTRICT NO. 27
OF NAVAJO COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BOND,
SERIES 1985

Registered Owner:
Principal Amount:

DOLLARS

Interest Rate: Maturity Date: Dated as of:

June 1, 1985

CUSIP

KAYENTA UNIFIED SCHOOL DISTRICT NO. 27 OF NAVAJO COUNTY, ARIZONA (hereinafter referred to as the "District"), for value received, hereby promises to pay to the registered owner named above, or registered assigns, the principal amount stated above on the aforesaid Maturity Date and to pay interest on the principal amount at the aforesaid Interest Rate on January 1, 1986 and semiannually thereafter on July 1 and January 1 of each year ("interest payment date") from the date of this Bond to its maturity. The principal of this Bond is payable upon presentation and surrender hereof at the principal corporate trust office of The Valley National Bank of Arizona, as Bond Registrar and Paying Agent. Interest on this Bond is payable by check or draft mailed to the registered owner hereof, as shown on the registration books for this series maintained by the Bond Registrar and Paying Agent at the address appearing therein at the close of business on the 15th day of the calendar month next preceding that interest payment date (the "regular record date"). Any interest which is not timely paid or duly provided for shall cease to be payable to the registered owner hereof (or of one or more predecessor Bonds) as of the regular record date, and shall be payable to the registered owner hereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue interest. The special record date shall be fixed by the Bond Registrar and Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to the registered owner hereof not less than 10 days prior thereto. The principal and interest on this Bond are payable in lawful money of the United States of America on the respective dates when principal and interest become due.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF. THOSE PROVISIONS SHALL HAVE THE SAME EFFECT FOR ALL PURPOSES AS IF SET FORTH ON THE FACE HEREOF.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in the issuance of this Bond do exist, have occurred and have been performed and that the series of Bonds of which this Bond is one, together with all other indebtedness of the District, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona and that due provision has been made for the levy and collection of a direct, annual, ad valorem tax upon all of the taxable property in the District for the payment of this Bond and of the interest hereon as each becomes due.

IN WITNESS WHEREOF, Kayenta Unified School District No. 27 of Navajo County, Arizona has caused this Bond to be executed in the name of the District by the facsimile signature of the President of its Governing Board and attested by the facsimile signature of the Clerk of its Governing Board and countersigned by the facsimile signature of the Chairman of the Board of Supervisors of Navajo County, Arizona and by the facsimile signature of the County Treasurer of Navajo County, Arizona.

KAYENTA UNIFIED SCHOOL DISTRICT
NO. 27 OF NAVAJO COUNTY, ARIZONA

By _____ (Facsimile)
President, Governing Board

ATTEST:

By _____ (Facsimile)
Clerk, Governing Board

COUNTERSIGNED:

(Facsimile)
Chairman of the Board of Supervisors
of Navajo County, Arizona

(Facsimile)
County Treasurer, Navajo County,
Arizona

(Form of Certificate of Authentication)

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolution and is one of the Kayenta Unified School District No. 27 of Navajo County, Arizona General Obligation Refunding Bonds, Series 1985.

Date of Authentication: _____

THE VALLEY NATIONAL BANK OF
ARIZONA, Bond Registrar

By _____
Authorized Representative

(Form of Reverse Side of Bond)

This Bond is one of a series of Bonds limited to the total principal amount of \$7,225,000, of like tenor except as to number, denomination, maturity date, and interest rate issued by the Board of Supervisors of Navajo County, Arizona for and on behalf of Kayenta Unified School District No. 27 of Navajo County, Arizona, to provide funds to refund all of the District's School Improvement Bonds, Project of 1980, presently outstanding. These Bonds are authorized by a resolution of the Board of Supervisors of Navajo County, Arizona, duly adopted prior to the issuance hereof (the "Resolution") and pursuant to the Constitution and laws of the State of Arizona relative to the issuance and sale of bonds and refunding bonds and all amendments thereto and all other laws of the State of Arizona thereunto enabling.

For the punctual payment of this Bond and the interest hereon as aforesaid and for the levy and collection of taxes in accordance with the statutes authorizing the issuance of this Bond, the full faith and credit of the District are hereby irrevocably pledged. The Board of Supervisors of Navajo County, Arizona has by the Resolution ordered the creation of a redemption fund for the payment of this Bond and all Bonds of this series. Such fund is to be held in trust for the benefit of the registered owner or owners of the Bonds of this series, subject, however, to the rights vested in the registered owners of the bonds being refunded by the issuance of a series of Bonds, of which this Bond is one, to the payment of the bonds being refunded from the same tax source in the event of a deficiency in the obligations issued or guaranteed by the United States of America which will be purchased from the proceeds of the sale of

these Bonds, of which this Bond is one, and placed in an irrevocable trust for the purpose of paying principal of, premium, if any, and interest thereon. The registered owner or holder of this Bond must rely on the sufficiency of the obligations so purchased.

Bonds of this series are not subject to call for redemption prior to their respective maturities.

The Bond Registrar will maintain the books of the District for the registration of ownership of this Bond as provided in the Resolution.

This Bond may be transferred on the registration books upon delivery hereof to the Bond Registrar, accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Bond Registrar, duly executed by the registered owner of this Bond or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer. No transfer of this Bond shall be effective until entered on the registration books.

In all cases upon the transfer of a Bond of this series, the Bond Registrar will enter the transfer of ownership in the registration book and will authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the denomination of \$5,000 or any whole multiple thereof (except that no Bond shall be issued which relates to more than a single principal maturity) for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of the Resolution. The District or the Bond Registrar shall charge the registered owner of such Bond, for every such transfer of a Bond, an amount sufficient to reimburse them for any transfer fee, tax or other governmental charge required to be paid with respect to such transfer, and may require that such charge be paid before any such new Bond shall be delivered.

The District and the Bond Registrar will not be required to issue or transfer any Bonds during a period beginning with the opening of business on the 15th calendar day next preceding either any interest payment date or during the period of five days next preceding the mailing of notice of any special record date.

This Bond shall not be entitled to any security or benefit under the Resolution or be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Bond Registrar.

(LEGAL OPINION)

(FORM OF ASSIGNMENT)

Assignment

For value received, the undersigned sells, assigns and transfers unto _____ the within Bond and irrevocably constitutes and appoints _____ attorney to transfer this Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ Signature _____

Signature Guaranteed:

(Commercial Bank, Trust Company
or member of a National Stock
Exchange) Signature _____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right
of survivorship and not as
tenants in common

UNIF GIFT MIN ACT - _____ Custodian _____
(Cust) (Minor)

under Uniform Gifts to Minors Act _____
(State)

Additional abbreviations may also be used though not included in above list.

ALL FEES AND COSTS OF TRANSFER
SHALL BE PAID BY THE TRANSFEROR

Section 6. That the County Treasurer is hereby authorized to deliver the Bonds to the purchaser thereof in exchange for the purchase price of the Bonds and to complete the refunding of the Bonds Being Refunded, it being the intention of the Board of Supervisors of Navajo County, Arizona that the Bonds shall in all respects refund the Bonds Being Refunded.

Upon receipt of the proceeds from the sale of the Bonds, the net proceeds after payment of the costs and expenses of issuance, together with other funds legally available for such purpose, shall be deposited as follows:

(A) A sufficient amount of the principal and accrued interest paid shall be deposited by the County Treasurer in the interest and redemption funds for the Bonds Being Refunded. The money so deposited shall be invested by the County Treasurer immediately in obligations issued by or guaranteed by the United States of America which are sufficient to pay principal and interest as the same shall come due on all of the Bonds Being Refunded by authority of this Resolution. The obligations purchased with the net proceeds from the sale of the Bonds shall be held irrevocably in trust, by the Trustee named in Section 7 below, for the benefit of the registered owners of the outstanding Bonds Being Refunded.

(B) Upon the deposit of the obligations so purchased into the interest and redemption funds of the Bonds Being Refunded, all cash, except any "beginning balance" in said funds required to refund the Bonds Being Refunded, shall be transferred to the interest and redemption funds herein created to service the Bonds herein authorized.

(C) So long as the principal and interest on the Bonds Being Refunded is paid at maturity from the obligations purchased from the net proceeds of the Bonds, all taxes levied and collected for the payment of the Bonds Being Refunded shall be paid into the Kayenta Unified School District No. 27 of Navajo County, Arizona General Obligation Refunding Bonds, Series 1985 "Interest" and "Redemption" Funds. No taxes need be levied for the payment of the Bonds Being Refunded so long as maturing principal and interest thereon are paid from the obligations purchased from the net proceeds of the Bonds provided, however, that in the event the securities so purchased are ever insufficient for the purpose herein set forth, any taxes levied to pay the Bonds shall first be applied to the payment of the Bonds Being Refunded.


(D) The Board of Supervisors of Navajo County, Arizona covenants that it will not take any action or fail to take any action with respect to the Bonds or the proceeds thereof which would cause such Bonds to be "arbitrage bonds," within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, and the regulations thereunder as amended from time to time.

Section 7. That the County Treasurer is hereby authorized and directed to enter into an irrevocable Escrow Trust Agreement or agreements with The Valley National Bank of Arizona, as trustee, regarding the deposit in trust of the securities purchased from the proceeds of the sale of the Bonds, said Escrow Trust Agreement to contain such terms and conditions as shall secure the proper safeguarding, inventory, withdrawal and handling of the securities. Execution of said Escrow Trust Agreement by the County Treasurer which is acceptable in form and substance to the District's Bond Counsel is hereby approved.

Section 8. That the County Treasurer is hereby authorized to purchase or have purchased for the District the securities mentioned in Section 6(A) of this Resolution. The County Treasurer is hereby authorized to instruct the Trustee to order the purchase of the securities from either the United States of America Treasurer or from Young, Smith & Peacock, Inc., or both.

Section 9. That this Resolution shall take effect immediately.

ADOPTED by the Board of Supervisors of Navajo County, Arizona, this 4th day of June, 1985.


Chairman, Board Supervisors

ATTEST:


Clerk

RESOLUTION 60-85

A RESOLUTION OF THE BOARD OF SUPERVISORS OF NAVAJO COUNTY, ARIZONA AUTHORIZING THE ISSUANCE OF KAYENTA UNIFIED SCHOOL DISTRICT NO. 27 OF NAVAJO COUNTY, ARIZONA GENERAL OBLIGATION REFUNDING BONDS, SERIES 1985, IN THE PRINCIPAL AMOUNT OF \$7,225,000; PROVIDING FOR THE ANNUAL LEVY OF A TAX ON ALL THE TAXABLE PROPERTY WITHIN KAYENTA UNIFIED SCHOOL DISTRICT NO. 27 OF NAVAJO COUNTY, ARIZONA TO PROVIDE FOR THE PAYMENT OF INTEREST ON AND PRINCIPAL OF SAID REFUNDING BONDS; AND AUTHORIZING THE EXECUTION OF AN ESCROW TRUST AGREEMENT FOR THE HOLDING OF THE SECURITIES PURCHASED WITH THE PROCEEDS OF THE REFUNDING BONDS; APPOINTING A BOND REGISTRAR AND PAYING AGENT AND AUTHORIZING EXECUTION OF A CONTRACT THEREWITH.

WHEREAS, Kayenta Unified School District No. 27 of Navajo County, Arizona (the "District") has heretofore sold general obligation bonds, of which \$19,275,000 remain outstanding as of this date; and

WHEREAS, the issuance of refunding bonds in advance of the maturity of a portion of the District's outstanding general obligation bonds will reduce the principal and interest requirements relating to such bonds and will permit a restructuring of the schedule of principal maturity in a manner beneficial to the District and, accordingly, such refunding is in the best interests of the District; and

WHEREAS, the outstanding general obligation bonds of the District as described below will be refunded (the "Bonds Being Refunded");

<u>Original Issue Date</u>	<u>Title of Bonds Being Refunded</u>	<u>Principal Amount Outstanding</u>
November 1, 1980	Kayenta Unified School District No. 10 of Navajo County, Arizona, School Improvement Bonds, Project of 1980	\$7,750,000

; and

WHEREAS, offers for the purchase of the refunding bonds have been received pursuant to the Notice Inviting Proposals For Purchase Of Bonds heretofore authorized by the Board of Supervisors of Navajo County, Arizona;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF NAVAJO COUNTY, ARIZONA, AS FOLLOWS:

Section 1. That for the purpose of providing funds to be used to advance refund the Bonds Being Refunded, the Board of Supervisors of Navajo County, Arizona hereby authorizes the issuance of Kayenta Unified School District No. 27 of Navajo County, Arizona General Obligation Refunding Bonds, Series 1985, in the principal amount of \$7,225,000 (the "Bonds").

Section 2. That the Bonds shall be dated June 1, 1985, shall be numbered consecutively within each maturity, shall be fully registered bonds without coupons, shall be in the denomination of \$5,000 or any whole multiple thereof, shall bear interest from the most recent January 1 or July 1 to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their date, which interest shall be payable on January 1, 1986, and semiannually thereafter on July 1 and January 1 of each year during the term of each of the Bonds. The principal of the Bonds is payable upon presentation and surrender thereof at the principal corporate trust office of The Valley National Bank of Arizona, as Bond Registrar and Paying Agent. Interest on the Bonds shall be payable by check or draft mailed to the registered owner thereof, as shown on the registration books for this series maintained by the Bond Registrar and Paying Agent at the address appearing therein at the close of business on the 15th day of the calendar month next preceding that interest payment date (the "regular record date"). Any interest which is not timely paid or duly provided for shall cease to be payable to the registered owner thereof (or of one or more predecessor Bonds) as of the regular record date, and shall be payable to the registered owner thereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue interest. The special record date shall be fixed by the Bond Registrar and Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to registered owners of the Bonds not less than ten (10) days prior thereto. The principal and interest on the Bonds shall be payable in lawful money of the United States of America, the Bonds to bear interest at the rate or rates fixed by the accepted bid and the Bonds to mature on July 1 in the years and in the amounts as follows:

<u>Year</u>	<u>Principal Amount</u>
1987	\$ 600,000
1988	885,000
1989	975,000
1990	1,065,000
1991	1,150,000
1992	1,235,000
1993	1,315,000

The Valley National Bank of Arizona, is hereby appointed as Bond Registrar and Paying Agent and the County Treasurer of Navajo County, Arizona (the "County Treasurer") is hereby authorized and directed to enter into a contract with said bank covering such services. The Bond Registrar will maintain the books of the District for the registration of ownership of each Bond. A Bond may be transferred on the registration books upon delivery to the Bond Registrar of the Bond, accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Bond Registrar, duly executed by the registered owner of the Bond to be transferred or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such Bond. No transfer of any Bond shall be effective until entered on the registration books.

In all cases upon the transfer of a Bond, the Bond Registrar will enter the transfer of ownership in the registration books and will authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the denominations of \$5,000 or any whole multiple thereof (except that no Bond shall be issued which relates to more than a single principal maturity) for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of this Section. The District or the Bond Registrar shall charge the registered owner of such Bond, for every such transfer of a Bond, an amount sufficient to reimburse them for any transfer fee, tax or other governmental charge required to be paid with respect to such transfer, and may require that such charges be paid before any such new Bond shall be delivered.

The District and the Bond Registrar will not be required to issue or transfer any Bonds during a period beginning with the opening of business on the 15th calendar day next preceding either any interest payment date or during the period of five days next preceding the mailing of notice of any special record date.

The Bonds of this series are not subject to call for redemption prior to their respective maturities.

Section 3. That the Bonds shall be executed on behalf of the District by the President of the Governing Board of the District and attested by the Clerk of the Governing Board of the District and countersigned by the Chairman of the Board of Supervisors of Navajo County, Arizona and the County Trasurer, by the facsimile signatures of such officials, and such officials are hereby authorized and directed to execute the Bonds as aforesaid.

Section 4. That for the purpose of paying principal of and interest on the Bonds herein authorized, there shall be levied on all of the taxable property in the District a continuing, direct, annual, ad valorem tax sufficient to pay the principal of and interest on the Bonds as the same become due. If at any time there are sufficient moneys or investments in the redemption fund to pay all principal due or to become due on all of the Bonds, then no additional tax levy need be made for the payment of the principal of the Bonds. When all principal and interest on the Bonds has been paid or when the interest fund and redemption fund shall contain sufficient moneys for such payment, then any moneys remaining in the interest or redemption fund shall be deposited into the redemption fund established for the payment of any other bonds of the District to be issued in the future. From and after the date the Bonds are delivered to the purchaser thereof, all moneys collected by the County Treasurer which would otherwise have been credited to the interest fund and redemption fund created to service the Bonds Being Refunded shall be applied to the interest and redemption funds created to service the Bonds.

Section 5. That Bonds to be issued shall be in substantially the following form, allowing those officials executing the Bonds to make the insertions and deletions necessary to conform the Bonds to this Resolution and the Notice Inviting Proposals For Purchase Of Bonds:

(Bond Form)

REGISTERED
NO.

\$

(Form of Face of bond)

UNITED STATES OF AMERICA

STATE OF ARIZONA

NAVAJO COUNTY

KAYENTA UNIFIED SCHOOL DISTRICT NO. 27
OF NAVAJO COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BOND,
SERIES 1985

Registered Owner:
Principal Amount:

DOLLARS

Interest Rate: Maturity Date: Dated as of:
June 1, 1985

CUSIP

KAYENTA UNIFIED SCHOOL DISTRICT NO. 27 OF NAVAJO COUNTY, ARIZONA (hereinafter referred to as the "District"), for value received, hereby promises to pay to the registered owner named above, or registered assigns, the principal amount stated above on the aforesaid Maturity Date and to pay interest on the principal amount at the aforesaid Interest Rate on January 1, 1986 and semiannually thereafter on July 1 and January 1 of each year ("interest payment date") from the date of this Bond to its maturity. The principal of this Bond is payable upon presentation and surrender hereof at the principal corporate trust office of The Valley National Bank of Arizona, as Bond Registrar and Paying Agent. Interest on this Bond is payable by check or draft mailed to the registered owner hereof, as shown on the registration books for this series maintained by the Bond Registrar and Paying Agent at the address appearing therein at the close of business on the 15th day of the calendar month next preceding that interest payment date (the "regular record date"). Any interest which is not timely paid or duly provided for shall cease to be payable to the registered owner hereof (or of one or more predecessor Bonds) as of the regular record date, and shall be payable to the registered owner hereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue interest. The special record date shall be fixed by the Bond Registrar and Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to the registered owner hereof not less than 10 days prior thereto. The principal and interest on this Bond are payable in lawful money of the United States of America on the respective dates when principal and interest become due.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF. THOSE PROVISIONS SHALL HAVE THE SAME EFFECT FOR ALL PURPOSES AS IF SET FORTH ON THE FACE HEREOF.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in the issuance of this Bond do exist, have occurred and have been performed and that the series of Bonds of which this Bond is one, together with all other indebtedness of the District, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona and that due provision has been made for the levy and collection of a direct, annual, ad valorem tax upon all of the taxable property in the District for the payment of this Bond and of the interest hereon as each becomes due.

IN WITNESS WHEREOF, Kayenta Unified School District No. 27 of Navajo County, Arizona has caused this Bond to be executed in the name of the District by the facsimile signature of the President of its Governing Board and attested by the facsimile signature of the Clerk of its Governing Board and countersigned by the facsimile signature of the Chairman of the Board of Supervisors of Navajo County, Arizona and by the facsimile signature of the County Treasurer of Navajo County, Arizona.

KAYENTA UNIFIED SCHOOL DISTRICT
NO. 27 OF NAVAJO COUNTY, ARIZONA

By _____ (Facsimile)
President, Governing Board

ATTEST:

By _____ (Facsimile)
Clerk, Governing Board

COUNTERSIGNED:

(Facsimile)
Chairman of the Board of Supervisors
of Navajo County, Arizona

(Facsimile)
County Treasurer, Navajo County,
Arizona

(Form of Certificate of Authentication)

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolution and is one of the Kayenta Unified School District No. 27 of Navajo County, Arizona General Obligation Refunding Bonds, Series 1985.

Date of Authentication: _____

THE VALLEY NATIONAL BANK OF
ARIZONA, Bond Registrar

By _____
Authorized Representative

(Form of Reverse Side of Bond)

This Bond is one of a series of Bonds limited to the total principal amount of \$7,225,000, of like tenor except as to number, denomination, maturity date, and interest rate issued by the Board of Supervisors of Navajo County, Arizona for and on behalf of Kayenta Unified School District No. 27 of Navajo County, Arizona, to provide funds to refund all of the District's School Improvement Bonds, Project of 1980, presently outstanding. These Bonds are authorized by a resolution of the Board of Supervisors of Navajo County, Arizona, duly adopted prior to the issuance hereof (the "Resolution") and pursuant to the Constitution and laws of the State of Arizona relative to the issuance and sale of bonds and refunding bonds and all amendments thereto and all other laws of the State of Arizona thereunto enabling.

For the punctual payment of this Bond and the interest hereon as aforesaid and for the levy and collection of taxes in accordance with the statutes authorizing the issuance of this Bond, the full faith and credit of the District are hereby irrevocably pledged. The Board of Supervisors of Navajo County, Arizona has by the Resolution ordered the creation of a redemption fund for the payment of this Bond and all Bonds of this series. Such fund is to be held in trust for the benefit of the registered owner or owners of the Bonds of this series, subject, however, to the rights vested in the registered owners of the bonds being refunded by the issuance of a series of Bonds, of which this Bond is one, to the payment of the bonds being refunded from the same tax source in the event of a deficiency in the obligations issued or guaranteed by the United States of America which will be purchased from the proceeds of the sale of

these Bonds, of which this Bond is one, and placed in an irrevocable trust for the purpose of paying principal of, premium, if any, and interest thereon. The registered owner or holder of this Bond must rely on the sufficiency of the obligations so purchased.

Bonds of this series are not subject to call for redemption prior to their respective maturities.

The Bond Registrar will maintain the books of the District for the registration of ownership of this Bond as provided in the Resolution.

This Bond may be transferred on the registration books upon delivery hereof to the Bond Registrar, accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Bond Registrar, duly executed by the registered owner of this Bond or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer. No transfer of this Bond shall be effective until entered on the registration books.

In all cases upon the transfer of a Bond of this series, the Bond Registrar will enter the transfer of ownership in the registration book and will authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the denomination of \$5,000 or any whole multiple thereof (except that no Bond shall be issued which relates to more than a single principal maturity) for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of the Resolution. The District or the Bond Registrar shall charge the registered owner of such Bond, for every such transfer of a Bond, an amount sufficient to reimburse them for any transfer fee, tax or other governmental charge required to be paid with respect to such transfer, and may require that such charge be paid before any such new Bond shall be delivered.

The District and the Bond Registrar will not be required to issue or transfer any Bonds during a period beginning with the opening of business on the 15th calendar day next preceding either any interest payment date or during the period of five days next preceding the mailing of notice of any special record date.

This Bond shall not be entitled to any security or benefit under the Resolution or be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Bond Registrar.

(LEGAL OPINION)

(FORM OF ASSIGNMENT)

Assignment

For value received, the undersigned sells, assigns and transfers unto _____ the within Bond and irrevocably constitutes and appoints _____ attorney to transfer this Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ Signature _____

Signature Guaranteed:

(Commercial Bank, Trust Company
or member of a National Stock
Exchange) Signature _____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right
of survivorship and not as
tenants in common

UNIF GIFT MIN ACT - _____ Custodian _____
(Cust) (Minor)

under Uniform Gifts to Minors Act _____
(State)

Additional abbreviations may also be used though not included in above list.

ALL FEES AND COSTS OF TRANSFER
SHALL BE PAID BY THE TRANSFEROR

Section 6. That the County Treasurer is hereby authorized to deliver the Bonds to the purchaser thereof in exchange for the purchase price of the Bonds and to complete the refunding of the Bonds Being Refunded, it being the intention of the Board of Supervisors of Navajo County, Arizona that the Bonds shall in all respects refund the Bonds Being Refunded.

Upon receipt of the proceeds from the sale of the Bonds, the net proceeds after payment of the costs and expenses of issuance, together with other funds legally available for such purpose, shall be deposited as follows:

(A) A sufficient amount of the principal and accrued interest paid shall be deposited by the County Treasurer in the interest and redemption funds for the Bonds Being Refunded. The money so deposited shall be invested by the County Treasurer immediately in obligations issued by or guaranteed by the United States of America which are sufficient to pay principal and interest as the same shall come due on all of the Bonds Being Refunded by authority of this Resolution. The obligations purchased with the net proceeds from the sale of the Bonds shall be held irrevocably in trust, by the Trustee named in Section 7 below, for the benefit of the registered owners of the outstanding Bonds Being Refunded.

(B) Upon the deposit of the obligations so purchased into the interest and redemption funds of the Bonds Being Refunded, all cash, except any "beginning balance" in said funds required to refund the Bonds Being Refunded, shall be transferred to the interest and redemption funds herein created to service the Bonds herein authorized.

(C) So long as the principal and interest on the Bonds Being Refunded is paid at maturity from the obligations purchased from the net proceeds of the Bonds, all taxes levied and collected for the payment of the Bonds Being Refunded shall be paid into the Kayenta Unified School District No. 27 of Navajo County, Arizona General Obligation Refunding Bonds, Series 1985 "Interest" and "Redemption" Funds. No taxes need be levied for the payment of the Bonds Being Refunded so long as maturing principal and interest thereon are paid from the obligations purchased from the net proceeds of the Bonds provided, however, that in the event the securities so purchased are ever insufficient for the purpose herein set forth, any taxes levied to pay the Bonds shall first be applied to the payment of the Bonds Being Refunded.


(D) The Board of Supervisors of Navajo County, Arizona covenants that it will not take any action or fail to take any action with respect to the Bonds or the proceeds thereof which would cause such Bonds to be "arbitrage bonds," within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, and the regulations thereunder as amended from time to time.

Section 7. That the County Treasurer is hereby authorized and directed to enter into an irrevocable Escrow Trust Agreement or agreements with The Valley National Bank of Arizona, as trustee, regarding the deposit in trust of the securities purchased from the proceeds of the sale of the Bonds, said Escrow Trust Agreement to contain such terms and conditions as shall secure the proper safeguarding, inventory, withdrawal and handling of the securities. Execution of said Escrow Trust Agreement by the County Treasurer which is acceptable in form and substance to the District's Bond Counsel is hereby approved.

Section 8. That the County Treasurer is hereby authorized to purchase or have purchased for the District the securities mentioned in Section 6(A) of this Resolution. The County Treasurer is hereby authorized to instruct the Trustee to order the purchase of the securities from either the United States of America Treasurer or from Young, Smith & Peacock, Inc., or both.

Section 9. That this Resolution shall take effect immediately.

ADOPTED by the Board of Supervisors of Navajo County, Arizona, this 4th day of June, 1985.


Chairman, Board Supervisors

ATTEST:


Clerk